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BEFORE THE ARIZONA CORPORATION COMMISSION
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2008 JUN -6 P 1:52

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF
ITS OPERATIONS THROUGHOUT THE STATE
OF ARIZONA.

DOCKET NO. E-01933A-07-0402

Arizona Corporation Commission
DOCKETED

JUN 6 2008

DOCKETED BY

IN THE MATTER OF THE FILING BY TUCSON
ELECTRIC POWER COMPANY TO AMEND
DECISION NO. 62103.

DOCKET NO. E-01933A-05-0650

**STAFF'S REQUEST FOR
PROCEDURAL ORDER**

Arizona Corporation Commission Staff ("Staff") hereby requests that the Commission issue a procedural order in this matter giving notice to the parties to Decision Nos. 65207 and 69873 of the upcoming proceedings in this matter. Staff brings this motion to specifically address and foreclose any contentions that may be raised in connection with ARS § 40-252.

Decision No. 65207 and Decision No. 69873 approved electric power supply agreements between Tucson Electric Power ("TEP") and Phelps Dodge Sierrita ("Sierrita") and TEP and Asarco, LLC and Silver Bell Mining (collectively "Asarco"), respectively. The agreement between TEP and Sierrita provides for a discount on Sierrita's electric bills in return for Sierrita's agreement to defer its plans for installing self-generation equipment. The agreement is scheduled to expire December 31, 2008. The agreement between TEP and Asarco provided that Asarco would purchase its power requirements at the energy rate contained in the Time-of-Use pricing plan. The agreement expires December 31, 2011.

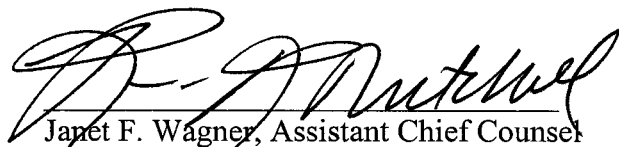
The parties to this proceeding entered into settlement negotiations and ultimately reached a

1 settlement, which was filed in the docket in this matter on May 29, 2008 ("Settlement Agreement").
2 The Settlement Agreement provides for, among other things, an approximate six percent (6%) rate
3 increase across all rates schedules with the exception of the Life Line rate. Such an increase would
4 have an impact on the power supply agreements approved by Decision No. 65207 and Decision No.
5 69873.

6 While it is clear that both Asarco and Sierrita have notice because counsel for Asarco and
7 Sierrita have participated fully in the settlement discussions, albeit on behalf of other clients. Staff
8 would nonetheless request a procedural order providing notice to Asarco and Sierrita to the TEP
9 proceeding and the Settlement Agreement. The purpose of the notice and the procedural order would
10 be to avoid any issues that may arise pursuant to A.R.S. § 40-252 and to address any potential due
11 process claims by Asarco and Sierrita by providing notice and an opportunity to participate in the
12 upcoming hearing on the Settlement Agreement.

13 For these reasons, Staff requests that the Commission issue a procedural order in this matter,
14 that specifically provides notice to the parties in Decision Nos. 65207 and 69873 of the TEP
15 proceeding, the Settlement Agreement and the hearing thereon.

16 RESPECTFULLY submitted this 6th day of June, 2008.

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1 Original and fifteen (15) copies
2 of the foregoing were filed this
3 6th day of June, 2008 with:

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